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STRENGTHENING THE NEGOTIATING CAPACITY OF DEVELOPING COUNTRIES IN THEIR DEALINGS WITH TRANSNATIONAL CORPORATIONS

Experience gained in training and the development of human resources

Report of the Secretary-General

SUMMARY

This report reviews and analyses in a systematic way the methodological basis, content and significance of the Centre's training activities. Since 1976 the Centre has organized, by itself or jointly, 261 training workshops, seminars and round tables, in addition to contributing one or more resource persons to such training activities held by other agencies and institutions. During the same period, the Centre also organized over 35 fellowships and study tours. Over 7,000 medium- and high-level officials have been trained in critically important skills in the workshops, and over 150 senior officials have benefited from the fellowships and study tours. These training activities covered a period of increasing globalization and technological complexity and changing attitudes, needs and perceptions of host countries which have, in turn, influenced the subject-matter, composition and thrust of the workshop programme and the geographical range of the participating countries.

The report has five sections. Section I describes the method used for identifying, planning, designing, preparing and executing workshop projects. Section II indicates the structure, location and types of training activities undertaken by the Centre and their frequency. Section III examines the analytical content of the major types of training workshops. Section IV contains questionnaire-based evaluations of the training workshops and section V summarizes the main conclusions emerging from this review.

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CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 2	4
I. TRAINING NEEDS AND REQUIREMENTS	3 - 18	4
A. Identification of training needs	3 - 13	4
B. Changing nature of training requirements	14 - 18	7
II. TYPES OF TRAINING ACTIVITIES	19 - 36	8
A. Workshops/seminars	19 - 23	8
B. Training of trainers at institutions of higher learning	24 - 29	12
C. Entrepreneurship training	30 - 31	14
D. Fellowships and study tours	32 - 36	15
III. ANALYTICAL CONTENT OF SELECTED TYPES OF TRAINING WORKSHOPS	37 - 79	16
A. Structuring, evaluation and negotiation of joint ventures	37 - 43	16
B. Fiscal and financial arrangements with respect to natural resource projects	44 - 55	17
C. Contractual relations in the service sector	56 - 79	19
D. Specific issues	67 - 79	21
IV. QUESTIONNAIRE-BASED EVALUATIONS OF TRAINING WORKSHOPS	80 - 106	24
A. Nature of sample and workshop questionnaire	80 - 84	24
B. Questionnaire results	85 - 96	25
C. Selected measures for increasing workshop effectiveness	97 - 98	28
D. Impact of the training workshops	99 - 106	29
V. CONCLUSIONS	107 - 111	30

CONTENTS (continued)

Page

Tables

Table 1. Distribution of workshops by sector 1976-1989 9

Table 2. Distribution of workshops by regions 1976-1989 10

Table 3. Distribution of training workshops by topic and type in the respective regions 11

Annex. TRAINING WORKSHOPS, SEMINARS AND ROUND TABLES ORGANIZED BY THE CENTRE IN 1990 33

INTRODUCTION

1. At its sixteenth session, the Commission on Transnational Corporations requested the United Nations Centre on Transnational Corporations to submit a report on experience gained by the Centre in implementing its technical cooperation programme. The present report responds to that request.

2. Since 1976, the Centre has been conducting various types of training activities as part of its technical cooperation programme. The training programmes are designed for government officials, managers, entrepreneurs and teachers. The expectation is that the training programmes will develop the skills of both government and private-sector officials, from developed and developing countries, to deal with transnational corporations. Upon request from these countries, the Centre conducts workshops and seminars, supports institutions of higher learning and organizes in-service training, study tours and fellowships.

I. TRAINING NEEDS AND REQUIREMENTS

A. Identification of training needs

3. The raison d'être for the Centre's training programme is the persistent lack by developing and certain other countries of clearly defined policies, as reflected in inadequate legislative regimes, on the role of foreign investment and technology in their economies and on the precise contributions expected of foreign enterprises and the parameters for the operations of those enterprises. Foreign investment and technology policies have been viewed in isolation or in an ad hoc manner, and they have not been properly integrated with overall national economic and social development objectives. There has also been an inadequate understanding of the structure and organization of transnational corporations, their motivations and strategies in investing in developing countries, the extent to which they can contribute to national development objectives and the areas where their objectives may not necessarily coincide with those of the host country.

4. Many developing countries are also without appropriate mechanisms for screening, evaluating and approving foreign investment and licensing and other contractual arrangements. Even where central agencies have been established, their powers and responsibilities have been ill-defined or they have not had enough authority to coordinate the policies of all the departments and agencies concerned. The multiplicity of agencies has led to the application of policies in an inconsistent manner. More importantly, the central agencies in many countries do not have the requisite expertise, information and manpower resources to discharge their responsibilities.

5. Another weakness in many developing countries is their inability to prepare adequately for negotiations with the transnational corporations on capital-intensive and complex projects in the natural resource or manufacturing sector. This has serious implications for the host country's economy since the benefits accruing from such projects depend on how well the contracts are

structured and how adequately the interests of the host country have been safeguarded. Deficiencies in this crucial area cover almost the entire gamut ranging from the selection of projects to the preparations for and conduct of the negotiations with the transnational corporations.

6. A root cause of the deficiencies is the lack of information and data on matters related to transnational corporations. A major function of the central screening agencies in many countries is the collection and analysis of data relating to foreign investment, technology and contractual arrangements with foreign enterprises. Many such agencies have increasingly improved their information capabilities, but even so, in a large number of developing countries, the information base is still weak and inadequate for the efficient development of a sound policy and institutional framework and for negotiating with transnational corporations and monitoring performance of these various transactions over time.

7. In recent years, Governments in developing countries have increasingly sought to devise attractive investment policies. They are aware of the competitive nature of the investment business and consequently, they have sought to bolster their technical capabilities in planning and evaluating, promoting and managing foreign investment projects. The policies of some of these countries have been somewhat restrictive in the past. As these restrictive policies change and a fresh look is taken of transnational investors, efforts have been made to relax foreign investment regulations. The Centre has responded to requests in this area through its advisory services and training programmes. Training is given at workshops on the national and international factors associated with devising a sound investment policy. Efforts are made to integrate the questions of regulations and incentives into wider discussions about national economic policy, particularly aspects of it dealing with fiscal matters. Other policy matters that are considered relate to foreign trade matters (tariffs and export incentives) and exchange rate issues. The totality of these policies, inter alia, affect the volume of foreign investment and its sectoral composition.

8. A closely related need of most developing countries is the acquisition of technology in order to boost domestic production, expand exports and reduce the importation of goods that can be produced locally. Many developing countries have now been able to develop some industrial or technological capability. They have relied heavily on inflows of technology from industrialized countries in the development of this capability. Much of the technology acquired by the developing countries has come with the establishment of joint ventures in the developing countries themselves by transnational corporations. The screening, monitoring and approving of investment projects and technology transfer agreements have been crucial for these countries. The Centre has responded to workshop requests dealing with the acquisition and transfer of technology and the linking of such transfers with foreign investment flows. Many developing countries have over the years established specialized bodies to scrutinize imported technology. The Centre has also been able to assist these countries by offering training to their professional staff.

9. The institution-building training requirements of many developing countries in the area of foreign investment and in technology transfer have been formidable.

The establishment of investment centres has become a necessity in many developing countries and through our workshops, fellowships and study tours, personnel in these centres have received advance level training on foreign investment and technology transfer issues. Reference is made elsewhere in this document to a sample of some of the requests for training which have been pursued through fellowships and study tours. The Centre has organized training programmes that have developed the capability of investment centres to streamlime and simplify their procedures. Countries such as Thailand and the Philippines are examples of countries where institution-building assistance has resulted in the establishment of "one-stop" investment centres. These centres have now become the single contact point for the granting of approvals for foreign direct investment. In other countries such as Angola and Nigeria, organizational reforms have led to simplication of the approval process for investment projects. It has also led to a sizeable increase in the transactions on foreign investments that these countries have been able to handle.

10. Based on requests received by the Centre, many developing countries require assistance in training officials on how to negotiate sectoral agreements in the natural resources sector, especially with respect to petroleum, mining and fisheries. A critical factor in this training is the need to impart skills on how to structure the fiscal and financial clauses of such projects. At many of these workshops, use is made of a computer model developed in the Centre. This model is used to perform financial and economic analyses and to demonstrate the effect of different variables on tax and royalty rates in a live negotiations situation.

11. Investment in the services sector is of importance to many countries and the position of transnational corporations in the sector is very significant. Requests for workshops in finance and banking increased noticeably between 1984 and 1989. Undoubtedly, this is a reflection of the concern in the global economy about debt, particularly debt contracted with major transnational banks. A detailed review of the content of workshops on finance and banking is given elsewhere in this report. Suffice it to say here that the workshop and study tours have provided many developing countries with the means of upgrading the skills of their policy makers who are responsible for structuring loan agreements, arranging the terms and conditions for external borrowing, managing their country's debt, supervising and controlling local financial institutions and engaging in negotiations with major international financial institutions.

12. Requests for assistance in the tourism sector also increased. In this regard, the majority of requests have come from Africa and the Caribbean. Many of the Caribbean countries depend on tourism for upwards of 80 per cent of their export earnings. The industry is vital to their economic and political survival. The Centre has responded effectively in conducting a number of workshops on tourism for senior officials in government and in the industry. The Centre has also taken part in industry-sponsored workshops in the Caribbean in order to learn first-hand the needs of officials in the various islands. The Centre has also taken part in workshops for African countries that have a sizeable tourism industry and whose Governments wish to ensure that the hotels which they own, but which are managed by major chains, generate appropriate linkages with the national economy and establish reasonable schedules for training local staff for key managerial and supervisory

functions. In some cases, countries that have approached the Centre requesting advisory assistance in reviewing major proposals by hotel-chain or a tourism development consortia have followed up by asking for training workshops (or fellowships and study tours).

13. This experience of tying advisory services to training programmes is not confined to the tourism sector. In the past, training workshops have also followed advisory assistance/reports with respect to technology transfer, transfer pricing, and major legislative changes.

B. Changing nature of training requirements

14. The need for a comprehensive review of the Centre's training programmes is evident in light of the many changes that have taken place in the world. The foremost issue to be considered is whether the training programmes are adapting and adjusting to the changing needs of host countries and whether participants make a difference in their jobs once they return to their respective countries. The initial response to the latter question seems to be that the programmes do, but a fuller discussion of this issue is reserved for section IV.

15. As investment centres are being created in many developing countries, efforts should probably be made to use them as the focal point of training activities relating to foreign direct investment and technology transfer. For greater coherence and effectiveness, the investment centres should be responsible for selecting participants and for ensuring that their training and experience are put to good use. The centralization of requests, as opposed to isolated requests from individual ministries, agencies, state governments, institutes etc., would not only ensure adherence to national priorities but would also be consistent with the tendency today to set up "one-stop" institutional structures for foreign investment matters.

16. With increasing liberalization and integration of the world's economy, many developing countries and newly opened economies need assistance in training the managers of both public- and private-sector enterprises in order to foster the development of their economies and to increase their competitiveness in markets abroad. The Centre therefore needs to respond to this by devising training programmes that focus not only on the traditional issues of foreign direct investment and technology transfer but also on such issues as accounting and valuation practices relevant to joint ventures, methods of privatization, information requirements for an investment promotion strategy, entrepreneurship development, institutional arrangements for evaluating investment proposals and physical zoning of foreign economic activity.

17. Many countries need a coherent training programme rather than ad hoc training projects. For really effective human resource development on matters relating to transnational corporations, requesting countries can benefit from a series of workshops on complementary and interrelated subjects in order to equip their officials adequately in this rapidly changing and interdependent world. Both Ghana and Nigeria have recently been beneficiaries of such a series. Financial and other resource constraints normally prevent the development of such a programme.

18. The development of a new problematique requires a change in the composition of training workshops. For example, within the last few years a considerable number of workshops have been held on debt restructuring, loan negotiations and resource mobilization. The new emphasis on export-oriented development strategies has also increased the need for workshops on export-processing zones. Similarly, in the coming years, many more workshops on industries and activities in the services sector are likely to be held. The issue of the impact of economic integration on foreign investment flows could also be the subject of greater attention, given the expected developments in Europe in 1992 and the addition of Mexico (and eventually other Latin American countries) to the United States/Canada free trade area, also in 1992.

II. TYPES OF TRAINING ACTIVITIES

A. Workshops/seminars

19. Workshops by the Centre can be divided into the following groups:

(a) Policies and regulations for negotiating with transnational corporations. These workshops enhance the capabilities of participants to prepare, negotiate and monitor joint-venture, technology, management and related agreements with transnational corporations;

(b) Primary and manufacturing sectors (fisheries, forestry, mining, petrochemicals, petroleum, pharmaceuticals and medical equipment, primary commodities). These workshops provide technical assistance in the development of policies and guidelines in the establishment of an appropriate legal and fiscal framework in the primary sector of a Government's economy;

(c) Services sector (engineering and construction, financial, general, international leasing, tourism). These workshops enhance the skills of participants who are involved in the service industry by improving their negotiating skills and providing a forum for them to exchange experiences and ideas;

(d) Specific issues such as environment, Export Processing Zones (EPZs), international accounting and reporting, technology transfer and transfer pricing. These workshops focus on a particular topic significant to the economic development of a country or region.

20. The training workshops of the Centre are intended to strengthen the capacities of middle-level and senior officials from public- and private-sector organizations who are involved in policy-making, negotiating or managing transnational investment projects. National workshops focus on practical issues that officials have to deal with in the normal course of their duties. The presence of private-sector persons is encouraged as a means of ensuring cross-fertilization of their views with the policy makers in government or in quasi-governmental institutions who are responsible for the operations of the commercial activities that involve transnational corporations. The regional workshops are undertaken in consultation with regional organizations such as the Economic Community of West Africa States

(ECOWAS), the Caribbean Community Secretariat (CARICOM) and the Association of South-East Asian Nations (ASEAN). These workshops facilitate the exchange of experiences among participants. Over the past 14 years, the Centre has organized 261 training workshops, seminars and round tables.

21. The level and the coverage of workshops vary considerably. General issues on foreign direct investment and the evaluation and establishment of joint venture enterprises form the bulk of the workshops. There are also specific workshops such as those on negotiating petroleum agreements. The faculty of a workshop is made up of international experts who have had considerable experience in their fields. In addition, the Centre also makes use of in-house personnel and has increasingly engaged regional experts to prepare and present papers. The experience of local and regional conditions on the part of the regional experts has greatly enhanced the quality of the workshops. The Centre has created a data base which contains references to all documents used at workshops. The data base allows timely selection to be made of background documents and provides a useful guide to the subjects that are covered in workshops. Also available in the Centre is a computer model used to teach project evaluation techniques, particularly at workshops on natural resource projects. Reference is made below to its use in petroleum negotiations.

22. The Centre's assistance to Eastern Europe requires special mention in view of recent political events there. In the Soviet Union, a workshop on special economic zones was organized in September 1989 and a series of seminars and meetings on accountancy was held during 1989/90. In March 1991, a large workshop on joint ventures was organized. In Yugoslavia, a high-level round table was held in February 1990 to discuss the establishment and operation of stock exchanges. Missions have been sent to Romania, and plans are under way to hold a training workshop there on foreign investment and privatization. In November 1990, an adviser from the Centre participated in a two-day UNDP training workshop in Albania.

23. Tables 1-3 give information on the distribution of workshops by sector, region, topic and type.

Table 1. Distribution of workshops, by sector, 1976-1989

	Number	Percentage
Negotiating with transnational corporations	54	24
Primary and manufacturing sectors	50	22
Service sector	35	15
Specific issues	89	39
Total	228	100

Table 2. Distribution of workshops, by region, 1976-1989

	Number	Percentage
Africa	59	26
Asia (including Western Asia) and the Pacific	97	42
Latin America and the Caribbean	52	23
Others	20	9
Total	228	100

Table 3. Distribution of training workshops on transnational corporations, by topic and region, 1976-1989

Activity/sector	Africa		Asia/ Pacific		Latin America/ Caribbean		Other	
	N	R	N	R	N	R	N	R
Negotiating	14	2	12	10	5	6	1	4
Primary/manufacturing sectors								
Fisheries		2		4		2		
Forestry				1				
Mineral	8	4	2	1	1	1		
Petrochemicals				1		1		
Petroleum	2	1	8	1	5			
Pharmaceuticals/medical			1			1	1	
Primary commodities						1		1
Service sector								
Engineering and construction	2	1			1			
Financial negotiation	2		5	8	1	2		1
General						3		3
International leasing			1					
Tourism			1		3	1		
Specific issues								
Environment		1						
Export-processing zones	2			1		1	1	1
Foreign investment	3	1	4	2		2		
Industrial cooperation		1			1			

Table 3 (continued)

Activity/sector	Africa		Asia/ Pacific		Latin America/ Caribbean		Other	
	N	R	N	R	N	R	N	R
International accounting and reporting and research			1				1	
International contracts	2		2			1		
Joint ventures		1	6	1		1	1	
Legal aspects/contractual arrangements	1		1					
National information systems				2		2		2
Screening and monitoring				1			1	
Technology transfer	2	1	7	4		1	1	
Transfer pricing			3	1				1
Transnational corporations and labour unions		1						
Training of trainers		3		5				
Entrepreneurship	2				9			
Total	59 (26%)		97 (42%)		52 (23%)		20 (9%)	

Notes: For 1988/89, of the approximately 1,385 persons trained, 16 per cent were women.

N = national; R = regional.

B. Training of trainers at institutions of higher learning

24. The Centre's programme of support to institutions of higher learning in developing countries culminated in the design of an interregional syllabus in three major areas: transnational corporations and economic development; international business and transnational corporations; and legal aspects of transnational corporations.

25. The course in economic development is intended for students with a background in economics or business studies. The first part covers the main theories of international production and the strategies that govern transnational corporation behaviour. Other course modules look at the organization and structure of transnational corporations followed by an examination of the contribution of transnational corporations to various areas of the development process, mainly from the point of view of the host country.

26. The course on international business and transnational corporations is designed for graduate students of business administration and commerce. It is in two parts. Part I places great emphasis on the theory of international business and transnational corporations. Part II presents 11 case studies which deal with specific subjects such as cost/benefit analysis, negotiating technology transfer agreements, exporting, country risk management, negotiating international business agreements and establishing joint ventures.

27. The third course - on legal aspects of transnational corporations - is also divided into several parts. Part I examines the nature and impact of transnational corporations in the world economy. Part II deals with the changing legal environment for transnational corporation activity in developing countries. Part III looks at accounting, financial and economic issues, while part IV focuses on domestic and international financing arrangements and exchange control practices. Part V examines the national regulatory framework; part VI considers taxation and transfer pricing; part VII examines various forms of agreements. In part VIII, there is a treatment of common clauses in agreements, while in part IX there is a detailed consideration of disputes resolution. Part X reviews selected transnational corporation agreements, part XI deals with negotiating agreements with transnational corporations and part XII looks at the changing investment relationship between transnational corporations and host countries. The final part is on the professional responsibility of the lawyer to a transnational corporation client and to a host government client.

28. It is significant to note that about 40 universities and institutes in Africa, Asia and Latin America have participated in the development of the curriculum. Many of them are now implementing it in varying degrees. These include such institutions as the East and Southern African Management Institute (law, economics and business) and the Universities of Singapore (law), Malaysia (economics), South Pacific (economics), Philippines (law), Sri Lanka (business), Nigeria-Awolowo (law), and Lagos (business). In Latin America, the University of Chihuahua in Mexico and the Universidad Catolica in Chile have both shown keen interest in incorporating the curriculum in their business departments. This is also true for the Universities of Botswana and Zimbabwe.

29. The Centre has also developed a programme of assistance to institutions of higher learning in the USSR and Eastern Europe in the area of accounting requirements in joint venture transactions in order to make their systems compatible with standard international practices. Curricula have been developed in international accounting for final-year university accounting students, and professors of financial accounting are being trained with respect to the content, methodology and modalities.

C. Entrepreneurship training

30. Empresas Tecnológicas (EMPRETEC) is a comprehensive, multistage technical cooperation programme designed and executed by the Centre to promote the creation and growth of innovative small and medium-sized enterprises using linkages with transnational corporations. Specifically, EMPRETEC activities aim at establishing an effective, self-sustaining and active coalition of public officials, entrepreneurs, corporate managers, bankers and executives of transnational corporations. This coalition provides the skills, technology, market opportunities, training programmes and technical information necessary to help small and medium-sized enterprises realize their objectives, expand their activities and establish productive, stable and equitable linkages with transnational corporations.

31. The EMPRETEC strategy is to put in place sound, viable businesses, provide them with active networks of supporters from government, banking, transnational corporations, academia, and international organizations; and work from the particular needs of those businesses to address the overall framework within which investment takes place. EMPRETEC works because the people involved have a stake in its success. In each country, an EMPRETEC executive committee guides the programme and oversees its implementation. The committee is composed of members of the emerging private sector, government, banking and trade institutions, and international agencies. The programme's structure, process and procedures are outlined as follows:

(a) Selection: An outreach campaign for participants is carried out in the press and through government and existing private institutions. Thirty candidates are selected for each workshop on the basis of written applications and personal interviews;

(b) Workshop: Candidates are given a 12-day intensive programme combining behavioural aspects of entrepreneurship and practical exercises which build the skills needed to plan and operate a small/medium enterprise. Included are strategies for working with transnational corporations to improve business potential;

(c) Business plan review: An advisory panel of bankers and businessmen reviews preliminary business plans developed in the workshop, makes suggestions for improvement and selects those with the most potential for development;

(d) Support centre: A professionally staffed support centre assists the projects selected for development in preparing complete business plans, in securing financing through appropriate institutions, companies or individuals, in developing links with transnational corporations and in getting the ventures under way. A fee is sometimes charged;

(e) Transnational corporation linkages: The support centre staff, assisted by consultants and executives from companies with transnational corporation linkages, help the entrepreneurs define their needs, decide if a transnational corporation linkage is appropriate and orient them towards the most beneficial relationship;

(f) Executive advisors: Businessmen and executives from larger national and transnational companies are available to act as advisers or serve as directors of the new enterprises so that the entrepreneurs can benefit from their experience;

(g) Mentors: Successful entrepreneurs/owners of small and medium-sized enterprises are recruited to act as one-on-one mentors to the selected candidates;

(h) Networking: Monthly meetings are held for participating entrepreneurs. Experts from the business sector provide information on practical issues of concern to emerging enterprises. Structured open forums are held to permit interchange among the participants on their problems and successes. Entrepreneurs are encouraged to form an association. A newsletter is published containing information about participants, potential business opportunities and topics of interest;

(i) Industrial incubator: Based on the experience gained from the programme's first year, a facility providing space, shared common services and incorporating the support centre may be established to house start-up companies from the programme for reasonable rents and fees until they are ready to move into commercial space;

(j) Developing self-training capabilities: At the outset, the programme depended heavily on an outside training firm. However, one of the most important objectives of the programme is the building up of "in-country" training capacity. Workshops in Argentina, Brazil and Uruguay are now led by regional teams, and new trainers are completing their preparation in Chile, Ghana and Nigeria. In total, 27 local trainers have undergone or are undergoing training and they are expected to conduct future entrepreneurship training workshops, not only in their own countries but also in the regional programmes. The exchange of ideas between countries with an already successful entrepreneurship training programme and those in the same region that do not have one will minimize the costs of the regional programmes, stimulate the transfer of business ideas and foster collaboration between entrepreneurs within the region.

D. Fellowship and study tours

32. As indicated above, the Centre arranges fellowships and study tours for officials from developing countries to investment institutions in other countries. In a number of instances, fellowship attachments at the Centre in New York were also arranged. Over 35 fellowships and study tours have so far been organized. Below is a sample of some of them organized thematically.

33. In September 1989, as part of its assistance to the Foreign Investment Board of Angola, a study tour was organized for high level officials to visit India, Malaysia and Thailand. The purpose of this tour was to allow the officials to review institutional arrangements for foreign investment.

34. Another category of fellowships and study tours has to deal with technology transfer. Arrangements were made in 1988 for officials in Malaysia to visit Brazil, Mexico and Argentina.

35. Training in information management was provided at the Centre in New York to government officials, to enable them to establish, run or enhance information services in national offices dealing with transnational corporations and foreign direct investment. Training involves familiarization with printed and computerized information sources - in particular, those covering developing countries; access to commercial credit services and online factual and bibliographic data bases; research methods; information technology requirements, staffing and organization. Officials who availed themselves of the training in recent years were from the following countries and organization: Chile, Czechoslovakia, Egypt, Ethiopia, Hungary, Papua New Guinea, Poland, the USSR and the Organization of Eastern Caribbean States.

36. Some fellowship and study tours were organized for persons wishing to have some experience in negotiating with transnational corporations. For instance, in 1988, the Centre arranged for two officials of the Indonesian Co-ordinating Board to attend a course on negotiating appropriate incentives with transnational corporations at the Irish Development Authority in Dublin.

III. ANALYTICAL CONTENT OF SELECTED TYPES OF TRAINING WORKSHOPS

A. Structuring, evaluation and negotiation of joint ventures

37. The Centre's workshops on structuring, evaluating and negotiating joint ventures review the emerging opportunities which transnational corporations might wish to take advantage of and the political and economic risks that affect and influence the decision to set up a joint venture with a particular country or partner. The workshops also examine the interests and objectives of host countries in allowing transnational corporations to set up business in their countries.

38. One key financial issue is discussed during negotiations in greater depth than others - namely, the cost/benefit ratios for both the foreign and national partners. Arriving at an acceptable rate of return for both parties in the joint venture is central to the negotiations on setting up the joint venture. Concepts such as discounted cash flow and the rigorous method for calculating internal rates of return are treated. Once the project is assessed to be financially and economically viable, the debt-equity modes of financing the respective capital contributions can be worked out.

39. In reviewing issues of equity, workshops consider questions of distribution, the capitalization of the enterprise and problems of valuation, debt-equity ratio, risks and liabilities, the system for distributing profits and the foreign exchange matters associated with the project. Emphasis is placed on the fact that the distribution of equity is sometimes bound by legislation but is also determined by the degree to which each partner wants to contribute to the company's assets, participate in the joint venture profits and growth of the company and have voting rights in these matters.

40. In examining management, control and monitoring issues, the following questions are dealt with: the appointment, composition and authority of the board

of directors; the appointment and authority of executive officers; the appointment of expatriate staff; the right of veto of the appointment of officers; the development of local managers; marketing and pricing decisions; strategic and operational planning; information systems and control procedures. Also discussed are managerial policies relating to dividends, reinvestment of earnings, supply of materials, export markets and commitments, executive compensation and bonuses and management agreements. 1/ The management agreements provide for transnational corporations to be compensated through a fee for the provision of managerial expertise in the joint venture.

41. Special attention is devoted to taxation and transfer pricing in joint venture transfer enterprises. The tax laws of the host country and international tax issues as they would affect the foreign joint venture partner are analysed.

42. The workshops also examine transfer of technology questions, marketing arrangements, environmental issues (including safety standards), employment, training questions and limitation on the use of expatriates. These matters are important to both joint venture partners but more so to the host country and the national partner who would normally have social and political responsibilities in the country in which the joint venture enterprise is located.

43. A number of general legal issues are also covered at workshops. Among them are the applicable law and dispute settlement procedures that have to be worked out between the partners to the joint venture enterprise.

B. Fiscal and financial arrangements with respect to natural resource projects

1. Petroleum

44. Workshops in the area of petroleum are organized as a means of developing greater and deeper understanding of the industry and recent trends in it. Attention is focused on producers as well as consumers. The workshops look at the economics of oil and gas production, the issues with respect to the negotiation of oil and gas exploration, production-sharing agreements, government organization and the regulation of oil and gas exploration and development, alternative forms of agreements with transnational corporations, and fiscal and financial issues.

45. The main focus of the workshop is on the fiscal and financial arrangements that form part of a petroleum agreement. In examining specific financial issues, workshops consider economic factors that affect exploration and development, the operating costs of production, the economics of civil works to support petroleum development, the well-head value of oil and gas and the overall cost/benefit analyses of exploration and development.

46. Workshop participants are made aware of the use of cash bonuses as upfront payments by foreign oil companies during the initial stages of operation. Attention is drawn to the different kinds of bonuses (signature, discovery, and production) common in the industry. Bonuses provide host Governments with funds

early in the life of a petroleum agreement. However, they could result in companies not spending much on actual exploration and cause them to insist on higher returns if discoveries are successful.

47. An important financial issue, the cash flow analysis of the petroleum project, is central to the presentations at petroleum workshops. Participants are taken through the methodology of the technique, and case studies are used to demonstrate its use.

48. On the fiscal side, workshops cover both national and international issues. Discussions on national fiscal regimes highlight policy issues in respect of the formulation of an appropriate fiscal regime for petroleum enterprises. Various schemes by which taxes are paid on net income are examined. Typical tax rates range from 40 to 85 per cent of the company's share of profits after other payments have been made. Many host country Governments have employed various measures to capture windfall profits made by oil companies. An excess or windfall-profits tax is usually levied. With regard to dividends and interest taxes, these are levied on the equity holdings of the foreign company.

49. On the international fiscal side, attention is paid at the workshops to the tax policies of the host country. Their creditability in the home country of the foreign oil company is examined with a view to drawing attention to the best legislative measures that could be adopted to allow the foreign oil company to have maximum tax credit in its home country while accepting a higher tax level in the host country. General accounting and auditing issues in the industry are examined, and key elements in accounting for costs, expenses and revenue in pre-exploration, exploration, appraisal development and production are discussed.

2. Mining

50. Workshops in the mining sector are organized for the purpose of strengthening the expertise of senior officials from ministries and agencies responsible for financial, fiscal and marketing matters with a view to upgrading their knowledge of the industry, thereby enabling them to negotiate better with transnational corporations. Workshops examine the issues that influence the selection of a foreign partner and the documentary information required in preparation for negotiations.

51. Particular attention is paid to financial and fiscal changes. Unlike petroleum, investment in mining occurs in cycles throughout the world in response to global economic conditions, periodic recessions and widespread inflation. All of these factors may sometimes be beyond the control of the host Government or the mining company itself. What is clear from experience and is demonstrated at workshops is that those economic factors have greatly influenced the financial and fiscal schemes negotiated between transnational corporations and host Governments. Flexibility in the agreements seems to be the watchword.

52. In focusing on sources of mining investments, participants are taught how to structure the loan and other agreements and how to evaluate the guarantees

specified in them. Other terms and conditions of financing are explained, such as repayment and grace periods, interest rates charged on loans and refinancing. The financial questions already mentioned in the case of petroleum are also discussed.

53. On the fiscal side, the workshops examine the general principles of mining taxation and relate the appropriateness of royalties and taxes to specific case studies. The taxation regime is perhaps the most important element of any mining policy, for it constitutes an important means for realizing many host government policy objectives.

54. Taxes are levied, as in petroleum agreements, on income, dividends, interest and remittances. Certain complicated accounting problems should be noted. The taxes do not raise production costs. At the same time, they can be credited against the transnational corporations taxes in its home country. The discussion above on international taxation issues for petroleum is applicable to the mining of hard rock. It is important to note that many agreements provide for one form of tax incentive or another (tax holiday, accelerated depreciation and amortization and import duty exemption). Some case studies indicate that "mini taxes" are sometimes levied in some countries. They are variously called administrative, export, surface and depletion fees. Their importance to the overall tax regime is, however, negligible. 2/

55. Other elements of mining agreements of an economic nature which are reviewed at workshops deal with pricing (especially transfer pricing), marketing and access to foreign exchange in the context of off-shore retention rights.

C. Contractual relations in the service sector

1. Finance and banking

56. The Centre's workshops in the services sector include a sizeable number on finance and banking. They vary in depth and length, depending on the socio-economic conditions, needs and experiences of the requesting country. Certain workshops seek to familiarize senior government officials in developing countries with the intricacies of negotiating commercial loans with transnational banks and other financial institutions. A second group deals with debt restructuring, debt management and international financial cooperation. Still others deal with specific issues of trade finance or debt-equity swaps.

57. The largest number of workshops dealing with finance and banking have been organized under the first category. They examine the present-day international financial market. Emphasis is placed on the changes that have occurred world wide and the blurring of boundaries between national financial markets due to telematics, deregulation, financial innovation and the liberalization of international trade. An analysis is made of past trends in lending by transnational banks to developing countries, growth in bank exposures to those countries and the regulatory instruments that govern international lending. Participants consider the macroeconomic and financial policies of the major developed countries and how those policies have affected international financial cooperation.

58. The second category of financial workshops focus on the issue of debt, starting with a historical review of the international debt crises from 1973 through the second crisis period of 1982 to the present. Two policy issues form the basis of much economic discussion at these workshops - i.e., debt management and adjustment. In considering debt management, participants re-examine government policies associated with new borrowing to refinance existing loans, rescheduling negotiations between creditors and debtors and debt conversion schemes. With respect to adjustment, the focus is on the role of the World Bank and IMF in assisting debtor countries to remove both macroeconomic and micro-economic distortions within their domestic economies.

59. The third category of workshops concentrates on such specific financial subjects as debt-equity conversions. The Centre has recently undertaken a major study on the subject, soon to be published as a guide. 3/ The main debt conversion schemes are analysed in that document, and concrete guidelines are provided for policy makers who are contemplating debt-equity conversion programmes. Other subjects treated are debt-for-debt swaps, debt-for-nature swaps, and the structure and operations of the secondary market for sovereign debt.

2. Tourism

60. The tourism workshops have concentrated on various forms of foreign participation in the hotel sector with a view to increasing the benefits of the industry to host countries. The major forms of such participation which have been examined have been management contracts and technical assistance agreements, equity/loan contributions and management, varying degrees of ownership and control, leasing arrangements, and franchise agreements. The most common forms are management contracts and technical assistance arrangements. Under management contracts, the hotels are usually 100-per-cent owned by the Government or by local interests, and a management agreement is entered into with a major hotel chain. This is usually to the hotel chain's liking and preference, since the chain is not called upon to bear any equity-related risks.

61. Workshops review the reasons for management agreements in the hotel industry. Many developing countries wish to attract tourists by using an internationally known trade name. They also want to have access to the hotel chain's international reservation system and to benefit from its group advertising, marketing and promotion. Developing countries also wish to employ the chain's administrative and financial systems and engage its managements skills to operate the hotel and to train local staff. Finally, developing countries also want to use the management agreements as a means of obtaining finance for the hotel.

62. Important contractual issues that are drawn to the attention of workshop participants have to do with the provision of development services, the standard of performance of the hotel chain, the rights of both parties to the control of operations, leases and rentals, employment and compensation of personnel, establishment of charges, purchase of supplies and equipment, maintenance and replacement, insurance, advertising and promotion, financial matters (loans, credit, budget, management and other fees, promotional expenses) and protective

provisions in respect of transfer pricing, theft and kick-backs and restrictive covenants. 4/ The importance of making sure that the fee attached to the management contract is performance-related is often stressed.

3. Engineering and construction

63. The workshops on engineering and construction contracts have become an increasingly important aspect of the Centre's training programme, a reflection of the fact that many developing countries have for some time been pursuing programmes for industrial expansion and modernization requiring the use of large-scale engineering and construction works.

64. The Centre's workshops on construction activities have been on general construction agreements and as on turnkey and semi-turnkey contracts. The following types of construction contracts are identified: design-supervision, supply equipment, erection, turnkey and semi-turnkey, product-in-hand and post-construction technical assistance. The legal issues reviewed cover the scope of the contract, the price and payment terms, modifications to the project, supervision and termination of contracts, performance guarantees, acceptances, sanctions and penalties, settlement of disputes and other standard clauses normally included in such contracts.

65. On turnkey and semi-turnkey contracts, the focus has been on analysing the terms of the contracts. This essentially refers to the obligation of the designer for the preparation and delivery of engineering and civil drawings, the schedule for delivery of the drawings, various guarantees and sanctions, the approval of the drawings by the owner, the obligations of the contractor to supply machinery and equipment, the obligations of the contractor with respect to start-up and initial operations of the plant and the obligations of the contractor to train local staff. The owner's obligations are also discussed. They relate to the provision of a site, construction permits, raw materials and supplies, housing and other administrative arrangements, and payments to the contractor.

66. With regards to dispute settlement, participants at workshops get to review procedures for ad hoc or institutional arbitration. Ad hoc arbitration is speedier and less costly, whereas institutional arbitration is expensive and time-consuming. In any event, stress is placed on the fact that the contracts must specify the choice of arbitration.

D. Specific issues

1. Transfer of technology

67. In a document submitted to the Commission at its fifteenth session, the Centre outlined the experiences in technical cooperation activities with respect to the policies of developing countries for the acquisition of foreign technology. 5/ The document discussed in detail a number of policy issues relating to absorption, adaptation and regulation of foreign technology. The issues are taken up at

workshops as well. It is emphasized in the workshops that technology policy should be closely linked to economic and industrial policy. The technology that is being transferred from transnational corporations should contribute to the growth of indigenous capability and should be secured on reasonable terms and conditions.

68. The central consideration of the workshops is the contractual arrangements for acquiring foreign technology. Key issues in the agreements are the definitions of the technology to be transferred, the duration of contracts, the renewal and guarantee clauses dealing with access to foreign-based improvements, grant-back of improvements to the technology made by the local recipient, size and type of fees and other payments, other restrictive business practices, training, quality control, applicable law and dispute settlement.

69. Clauses in technology contracts that deal with improvements, grant-back provisions and payments and training are especially important. Workshop participants are informed that it is important for their Governments to have access to all improvements made by the technology supplier. They are also advised on payment arrangements for technology transfer with a view to ensuring that such payments are linked to profits or production and that lump-sum payments are only agreed upon when it can be assured that the technology and know-how package can be fully and completely transferred at the time of purchase. With regards to training, it is emphasized that the period, level and number of individuals to be trained and the location of the training should be clearly specified in the contracts.

70. Many of the above-named factors are discussed at workshops in the context of appropriate regulations and policy guidelines for the transfer of technology. It is recognized that developing countries have to maintain a certain degree of regulatory flexibility in order to be able fully to access the rapid technological changes and improvements that are occurring in today's industrial world.

2. Transfer pricing

71. The regulation and control of transfer pricing is important for both developed and developing countries. Some developed countries consider the problem serious and have begun to do something about it. It has been recently reported in the financial press that the United States and European tax authorities are to cooperate more closely in efforts to deal with tax avoidance by transnational corporations through the manipulation of transfer prices in their internal operations. 6/ The United States tax authorities have estimated that they "lost" over $US 12 billion in the 1980s as a result of the abusive practices of foreign subsidiaries in their country.

72. The Centre's workshops consider various reasons for the practice of transfer pricing by transnational corporations, the modes employed for effecting it, and the methods used by tax and other authorities for controlling it. For developing countries, the practice can lead to foreign exchange losses through over-invoicing of imports and under-invoicing of exports. This can result in balance-of-payment problems, losses of tax revenues and industrial dislocation.

73. As for control measures, workshops review legislative measures that could be used to control transfer pricing. The first measure is the adoption of appropriate tax and customs laws. Laws prohibiting restrictive business practices - e.g., the tying of inputs to a particular source - also are essential. Then there are laws that regulate and set accounting practices and standards for companies operating within the host country jurisdiction. In drawing up legislation to control transfer pricing, participants' attention is drawn to the question of the definition of the transnational corporation group and the issue of the control of the enterprise in question. The purpose is to ensure coverage of the relevant transactions of the entire transnational corporation, including its affiliates. Legislation should, in addition, determine the basis for the calculation of an appropriate fair market or "arms length" price which could govern the transaction between a transnational corporation and its subsidiary or affiliate.

74. Some institutional measures are also taken up in the workshops. The role of central banks and other government agencies in monitoring and controlling restrictive business practices is examined. In addition to possible national measures, the attention of workshop participants is drawn to a number of regional efforts made in Asia, Africa and Latin America and to international efforts within UNCTAD and the Commission on Transnational Corporations.

3. Special economic zones

75. Special economic zones are sometimes referred to as export processing zones (EPZ) or export-free zones. They have come about as a result of structural changes that have been taking place in the world economy. They are defined as specialized industrial estates which produce mainly for export and which, by practising free trade, constitute an enclave from the normal trade and customs regime of a country. 7/ This broad definition covers free ports, free trade zones, customs-free zones, free economic zones, industrial free zones and foreign trade zones, to a lesser or greater degree.

76. In organizing workshops on export processing zones, the Centre examines the rationale for their establishment. The Centre looks at the role of transnational corporations in the manufactured exports of developing countries and at the economic activities undertaken in export processing zones. Special attention is paid to the electronics and textile industries, which are two of the industries most commonly found in export processing zones. Other items that are manufactured or assembled in such zones are footwear and leather products, plastics, toys, watches and sports equipment.

77. The workshops consider host country objectives in setting up export processing zones. Many countries perceive the zones as a means of enhancing their industrialization programmes. Others see them as sources of export promotion and job creation or as a step towards the programmed integration of their economies into the international economic system and a platform for creating linkage effects between transnational corporations and the domestic market.

78. The costs of setting up export processing zones are also analysed. There are direct costs which are linked to the development, operation and maintenance of the

zones. Much of this has to do with the construction of infrastructure, factory buildings and residences by the host country and the operation of a modern telecommunications system. The indirect costs have to do with revenue losses from fiscal incentives such as tax waivers, tariff and custom-duty exemptions, allowances and subsidies. Both revenue losses and subsidies can be significant and have to be weighed against the potential gains referred to above.

79. The workshops also discuss the legal and institutional framework for screening and monitoring export processing zones. The main features of the special laws, regulations and guidelines adopted by host countries are analysed. Finally, the success or failure of the zones is evaluated. In some countries, they have worked well; in others they have not. Workshop participants are reminded of the fact that the last word on export processing zones, as a viable strategy, has not been heard.

IV. QUESTIONNAIRE-BASED EVALUATION OF TRAINING WORKSHOPS

A. Nature of sample and workshop questionnaire

80. It has been the practice of the Centre to conduct a detailed survey among participants at the conclusion of each training workshop. Participants are invited to complete questionnaires evaluating the adequacy and appropriateness of subject coverage, the quality of lecturers and the effectiveness of their presentation, and the utility of the background documentation distributed at the workshop. In an attempt to elicit more accurate responses, the questionnaires have undergone some modification over the 1976-1990 period.

81. For purposes of evaluation, the Centre divided training workshops into five categories:

(a) Policies and regulations for negotiating with transnational corporations;

(b) Sector-related workshops;

(c) Specific issues;

(d) Entrepreneurship;

(e) Training of trainers at institutions of higher learning.

From 1976 to 1990, the Centre completed a total of 261 workshops; however, the questionnaire-based evaluation covers only 55 of them, the selection being based on the availability of written responses at the Centre. Out of the 55 workshops evaluated, 18, or 32.7 per cent, related to policies and regulations for negotiating with transnational corporations. Nineteen (34.5 per cent) were sector-related; 13 (23.6 per cent) were on specific issues; and three (5.5 per cent) related to entrepreneurship. The remaining two workshops (3.6 per cent) focused on the training of trainers at institutions of higher learning. The training programmes were interdisciplinary in scope, involving economic, legal, financial, administrative and technical elements. They were

designed to enable the participants to acquire increased professional and/or technical knowledge, in addition to operational experience, so as to be more effective in dealing with issues that arise in the relationship between transnational corporations and host countries.

82. The workshops were held at the national, regional and interregional levels. Most workshops were held in developing countries, from the least developed to the relatively more advanced, but a few also took place in developed countries. The geographical distribution of workshops covered by the questionnaire-based evaluation was as follows: Africa, 17 (30.9 per cent); Asia, 27 (49.1 per cent); Latin America, 8 (15.4 per cent). Three workshops were held in developed countries.

83. The workshops are conducted by an average of from three to four lecturers and last from three days to two weeks. The general issues workshops - policy frameworks for dealing and negotiating with transnational corporations - tend to last longer because the participants come from various backgrounds and the topic coverage is wide, whereas the participants at specific-issue workshops tend to have a fair amount of knowledge of the issue and so are capable of absorbing specialized information in a short period. Because they normally have a great deal of responsibility, high-level officials cannot stay away from work for long periods and generally prefer short workshops. The number of participants is normally 20-35. However, in more populous countries, workshops have had up to 120 participants.

84. Participants at the Centre's training workshops complete a questionnaire containing 19 questions. For purposes of evaluation, the quality of lecturers and the appropriateness of background documentation are rated on a scale of 1-5, with 1 being the highest - representing "very good"; the others represent "good", "adequate", "poor" and "very poor". The usefulness of the workshop to the work and career prospects of participants is rated on a scale of 1-4: "benefited very much"; "reasonably well"; "only a little"; "not at all". The effectiveness of presentation, or pedagogical aspect, of the workshop is rated on a scale of 1-3, for "very good", "good" and "adequate".

B. Questionnaire results

1. General workshops

85. The averages of the evaluation scores for the 18 workshops on policies and regulations for negotiating with transnational corporations are given below:*

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* The figures were computed as follows: For every policy and negotiations workshop, the percentage of the responses under the 4 attribute categories was calculated. Those percentages for the 18 workshops were then averaged. Then the figures for each ranking (1-5) were averaged. This aggregation exercise was repeated for the other four major types of workshops.

Attribute category	Rating (percentage)				
	1	2	3	4	5
Lecturers	49.0	41.0	10.0	--	--
Documentation	32.4	48.7	18.9	--	--
Presentation	44.0	46.0	10.0	..	..
Usefulness	36.0	56.0	8.0	--	..
Average	40.3	48.0	11.7	--	--

86. Overall, nearly 90 per cent of the participants gave the workshops a "very good" or "good" rating. However, over 10 per cent gave only an "adequate" rating, probably partly because of the lack of homogeneity and similarity of interest among the participants, given the very wide scope and general nature of the subject matter. A few participants felt that the workshops tended to assume the character of a university-like seminar with not sufficient concern for practical on-the-job usefulness. Some of the participants also felt that the documentation should have been available days before the beginning of the workshop so that, with prior reading and increased understanding of the subject matter, greater benefit could have been derived from the actual lectures.

2. Sector-related workshops

87. The averages of the evaluation scores for the 19 sector-related workshops are given below:

Attribute category	Rating (percentage)				
	1	2	3	4	5
Lecturers	51.8	42.4	5.8	--	--
Documentation	43.0	50.0	7.0	--	--
Presentation	47.0	46.0	7.0	..	..
Usefulness	40.0	50.0	10.0	--	..
Average	45.5	47.0	7.5	--	--

88. Overall, well over 90 per cent of the participants thought that the workshops were either "very good" or "good". The higher rating for this type of workshop may be partly related to the element of specificity in the subject matter. Thus,

moving from the general to the specific, the spread in the rankings of the "usefulness" category gets smaller.

3. Specific-issue workshops

89. The averages of the evaluation scores for the 13 specific-issue workshops are given below:

Attribute category	Rating (percentage)				
	1	2	3	4	5
Lecturers	45.0	45.0	10.0	--	--
Documentation	40.0	52.0	8.0	--	--
Presentation	38.4	53.0	8.6	..	..
Usefulness	41.9	45.4	8.7	--	..
Average	42.3	48.9	8.8	--	--

90. As in the case of sector-related workshops, the overall ranking is high, with well over 90 per cent of the participants giving either a "very good" or "good" rating. The reason for the results are the same: the workshops are more focused and narrowed down to a specific problem - e.g., transfer pricing or transfer of technology.

91. However, certain country differences are discernible. While participants from countries with little exposure to transnational corporations tend to rate introductory topics, such as transnational corporations in development and the nature of transnational corporations, relatively high, those from more complex economies are more interested in in-depth discussions of specific issues - for example, acquisition of technology in the petroleum sector - and prefer an expert who specializes in that particular aspect rather than in acquisition of technology in general.

92. Similarly, the participants tend to want the workshop to be structured to an even greater degree around issues particularly pertinent to their country or region. They suggested that the Centre include in the faculty developing country experts with hands-on experience in the host country or region. They also wanted analyses of case studies of failed and successful projects in their regions.

4. Entrepreneurship workshops

93. The average ratings of the workshops designed to identify and train local entrepreneurs are given below:

Attribute category	Rating (percentage)				
	1	2	3	4	5
Lecturers	80.0	20.0	--	--	--
Documentation	56.1	33.8	10.1	--	--
Presentation	70.7	29.3	--	..	..
Usefulness	70.0	30.0	--	--	..
Average	69.2	28.3	2.5	--	--

94. These workshops have a very high rating: nearly 100 per cent of the participants graded them either "very good" or "good". The participants feel they have learned skills that would go a long way towards their own individual improvement as entrepreneurs and the development of their national economies.

5. Workshops on the training of trainers

95. The average ratings of workshops on the training of trainers are indicated below:

Attribute category	Rating (percentage)				
	1	2	3	4	5
Lecturers	76.4	19.5	4.2	--	--
Documentation	36.0	51.4	12.6	--	--
Presentation	48.7	47.2	4.1	..	..
Usefulness	50.0	45.9	4.1	--	..
Average	52.8	41.0	6.2	--	--

96. These workshops are generally well received, partly because they are designed and catered to meet the needs of a very particular group of participants.

C. Selected measures for increasing workshop effectiveness

97. With respect to the five types of workshops described above, perhaps the most frequently expressed desire of participants was to see more simulations and case studies. The Centre feels that this need must be more vigorously addressed while keeping the proper balance between lectures, simulations and case studies. The Centre has begun preparation of a negotiations film, inter alia. Partly related to

the case study problem is the wish sometimes expressed by participants to be exposed to experts with hands-on experience of the specific country or region. To help grant this wish, the Centre is intensifying its efforts to have at least one local/regional expert on the workshop faculty, wherever possible. The Centre is also increasing its efforts to ensure that the pertinent issues and prevailing problems of a region or country are identified before each workshop and that each of the lecturers addresses them during their particular lectures. In addition, the Centre has on occasion commissioned specialist papers on the pertinent issues or asked certain participants to prepare a short presentation on their country's or region's experience.

98. There are certain serious logistical problems in making the background documentation available to the participants a number of days before the start of a workshop. One major problem is that the authorities invariably do not identify the participants early enough. This is particularly the case with regional workshops. Also there can be many last-minute changes with respect to the designated participants. The Centre is exploring the possibility of making at least one essential document available well before the start of the workshop, to give participants prior feel of the subject matter.

D. Impact of the training workshops

99. In certain respects, the Centre's training programme has had a visible and almost immediate impact. For example, under the entrepreneurship training programme, 200 business plans have been prepared and analysed by the voluntary private-sector selection committees and over 50 new businesses have been started. In addition, nearly 100 existing enterprises have expanded their activities. Some 30 joint ventures, sales agreements and technology transfer arrangements between participant entrepreneurs have been generated.

100. In other areas, the impact is difficult to quantify. However, the training activities of the Centre have made an important contribution to resource development. With an average of approximately 20 training workshops per year, over 7,000 participants have been exposed to knowledge relating, inter alia, to formulating appropriate legislative frameworks, instituting mechanisms and procedures for evaluating investment proposals in various sectors and utilizing effective techniques for negotiating mutually beneficial arrangements with transnational corporations.

101. Although training is not a complete substitute for experience, as a result of the efforts of institutions like the Centre, countries are now in a much better position to deal with transnational corporations in an increasingly complex world. For example, it can be seen from the questionnaire-based responses that the training was felt to be useful for both policy-making and carrying out every-day functions. There is also some evidence that the participants actually utilized the skills acquired at the Centre's training workshops and that their career development was enhanced.

102. Such evidence is contained in the results of a follow-up questionnaire of the regional participants who attended two ASEAN co-sponsored training workshops: "Negotiating with Transnational Banks" (13-24 February 1989) and "Financial

Management and Supervision" (12-21 July 1989). The choice of these two training workshops was based on the perception that the groups of participants were fairly homogeneous and all worked in relevant financial agencies. It was also felt that it would be easier to track and locate the participants from fairly recent workshops and that the subject matter of the workshops would still be fresh in their minds.

103. Of the total of 74 participants (eight from the private sector) in the two workshops, 29 returned completed questionnaires. The questionnaire was designed so that each participant would indicate the position occupied at the completion of the workshops and the position currently held. Those who were still in the same department were asked to complete a certain set of questions; those who had changed jobs were asked to complete a different set. In addition, there were some questions that both sets of participants were asked to complete.

104. Approximately 80 per cent of the respondents said they were in the same department. Of them, half said that they were occupying a higher position or were assuming greater responsibility. Half of those same beneficiaries thought that the training was to a significant degree responsible for their improved status. The other half either did not answer the question or felt that the training was probably only somewhat responsible for their advancement. More than one half of the respondents said that they had suggested new approaches and techniques to their supervisors or had passed on some of their new knowledge to colleagues as a result of the training, while the remainder were equally divided between not having done so or not answering the question. Generally most of these respondents felt that their understanding of the structuring, drafting and monitoring of loan terms and conditions had improved, although some felt that the peculiarities of their workplace or functions did not allow full scope for the utilization of the training they had received. A few participants also suggested that in future workshops relating to banking, the Centre should make greater use of commercial bankers in its faculty.

105. Of the respondents who had changed jobs (two thirds within six months of the workshops) three quarters stated that they were in a new field and that the training received was not relevant. Most of them stated that they had not been able to utilize the skills learned in their training before leaving their previous offices. This may suggest that those persons should not have been chosen to participate in the workshops in the first place, given the apparent inappropriateness of the training to their job functions.

106. Finally, some of the respondents felt that intensive follow-up courses on new financial instruments and resource mobilization techniques would be appropriate and that greater use of simulation exercises would be useful.

V. CONCLUSIONS

107. In the developing world, economic difficulties have triggered a search for new policy alternatives and there has been a marked shift towards liberalization of foreign investment regimes. Major macroeconomic reforms have been undertaken, prompted in part by the World Bank and IMF as well as by sheer pragmaticism. The

market economy model is in vogue, and countries are seeking vital inflows of resources in order to sustain reasonable levels of economic performance. The Centre's training programmes will continue to be demanded by these countries so as to ensure that they derive maximum benefit from the investment of foreigners in their economies.

108. The open economies of the Eastern European countries will need assistance in establishing market-economy types of institutions and operations. The vast majority of their business people, particularly at the factory and enterprise levels, have not been exposed to direct foreign contacts and negotiations. The Centre could play a useful role in assisting those countries, particularly in the area of company law, general and sector-oriented investment legislation, market-economy types of accounting and auditing and modern management of private and public enterprises. The international syllabi for the training of teachers at universities of higher learning could be suitably adapted for use in the universities and colleges of countries in Eastern Europe. The Centre can also assist in the process of privatization and in the establishment of special economic zones.

109. The Centre also sees need for further enhancement of its programmes on entrepreneurship training. The programmes currently under way in Africa and Latin America have been very successful, and efforts must be made, through appropriate funding, for them to be extended to the open economies of Eastern Europe and some countries in the Asia and Pacific region.

110. The Centre's fellowship and study tour programmes have proved to be a useful form of on-the-job training for many senior officials in government. Moreover, the programme has fostered greater links between officials in different parts of the developing world. However, trust funds cannot be used for that type of activity, and so there is total reliance on indicative planning figure resources or special financing which beneficiary countries might make available.

111. Transnational corporations are part of global economic life. It is essential therefore for the Centre to impart the required knowledge about them so that host countries can derive maximum benefit from whatever type of partnership is arranged. Transnational corporation capital, technology and management skills can be harnessed in the furtherance of the economic and social goals of the host countries, particularly developing countries.

Notes

1/ See Arrangements Between Joint Venture Partners in Developing Countries (United Nations publication, Sales No. E.87.II.A.5).

2/ Main Features and Trends in Petroleum and Mining Agreements (United Nations publication, Sales No. E.83.II.A.9).

3/ UNCTC, "Debt equity swaps. A guide to decision makers" (United Nations publication, forthcoming).

Notes (continued)

4/ Negotiating International Hotel Chain Management Agreements: A Primer for Owners in Developing Countries (United Nations publication, Sales No. E.90.II.A.8).

5/ "Experience gained in technical cooperation activities with respect to policies of developing countries for the acquisition of foreign technology" (E/C.10/1989/10).

6/ Financial Times (London), 18 September 1990.

7/ "An evaluation of export processing zones in selected Asian countries" (ST/ESCAP/395).

Annex

TRAINING WORKSHOPS, SEMINARS AND ROUND TABLES
ORGANIZED BY THE CENTRE IN 1990

GHANA, Accra	WORKSHOP ON INTERNATIONAL CONSTRUCTION AGREEMENTS 15-19 January 1990
GUINEA, Conakry	NEGOCIATION DE L'INVESTISSEMENT ETRANGER EFFECTUE PAR LES SOCIETES TRANSNATIONALES CAS DE LA CO-ENTREPRISE (JV) 22-27 January 1990
YUGOSLAVIA, Zagreb	HIGH-LEVEL ROUND TABLE ON STOCK EXCHANGE AND FINANCING OF HIGHWAYS THROUGH FOREIGN INVESTMENTS 6-8 February 1990
SIERRA LEONE, Freetown	WORKSHOP ON DIVESTITURE AND PRIVATIZATION 26 February-2 March 1990
NIGERIA, Enugu	TRAINING OF LOCAL ENTREPRENEURS 26 February-9 March 1990
BANGLADESH, Dhaka	ESCAP/UNIDO/UNCTC WORKSHOP ON TRANSFER OF TECHNOLOGY FOR ENTREPRENEURIAL DEVELOPMENT IN BANGLADESH 4-8 March 1990
INDIA, New Delhi	FOREIGN DIRECT INVESTMENT IN INDIA 15-16 March 1990
USSR, Moscow	INTERNATIONAL WORKSHOP ON NEGOTIATING JOINT-VENTURE AGREEMENTS 19-23 March 1990
THAILAND, Phuket	REGIONAL WORKSHOP ON FOREIGN EXCHANGE POLICIES AND MANAGEMENT 19-23 March 1990
NIGERIA, Abuja	HIGH-LEVEL WORKSHOP ON STRATEGIES FOR CREATING A FAVOURABLE LEGAL/ECONOMIC ENVIRONMENT FOR FOREIGN INVESTMENT 26-30 March 1990
GHANA, Accra	UNCTC/CFTC JOINT REGIONAL WORKSHOP ON NEGOTIATION SKILLS IN THE MINING AND CONSTRUCTION SECTORS 26 March-6 April 1990
ARGENTINA, Entre Rios	TRAINING OF LOCAL ENTREPRENEURS 7-19 May 1990
GHANA, Accra	WORKSHOP ON JOINT VENTURES AND MANAGEMENT CONTRACTS 28 May-1 June 1990

URUGUAY, Montevideo	TRAINING OF LOCAL ENTREPRENEURS 28 May-9 June 1990
COTE D'IVOIRE, Abidjan	SEMINAIRE INTERREGIONAL SUR DES PROGRAMMES D'ENSEIGNEMENT DESTINES AU INSTITUTS DE FORMATION SUPERIEURE 11-15 June 1990
ETHIOPIA, Addis Ababa	WORKSHOP ON NEGOTIATING JOINT-VENTURE AND TRANSFER-OF-TECHNOLOGY AGREEMENTS WITH TRANSNATIONAL CORPORATIONS 19-22 June 1990
MYANMAR, Yangon	WORKSHOP ON FOREIGN INVESTMENT POLICIES AND NEGOTIATIONS 10-13 July 1990
URUGUAY, Montevideo	TRAINING OF LOCAL ENTREPRENEURS 13-24 August 1990
CHILE, Santiago	TRAINING OF LOCAL ENTREPRENEURS 27 August-7 September 1990
UNITED STATES, Princeton, New Jersey	ROLE OF TRANSNATIONAL CORPORATIONS IN THE WORLD ECONOMY: SEMINAR FOR DELEGATES TO THE SECOND COMMITTEE OF THE UNITED NATIONS 14-16 September 1990
ARGENTINA, Tucuman	TRAINING OF LOCAL ENTREPRENEURS 17-28 September 1990
UNITED REPUBLIC OF TANZANIA, Arusha	ESAMI/UNCTC REGIONAL WORKSHOP ON INTERNATIONAL AGREEMENTS AND ENGINEERING CONTRACT NEGOTIATIONS 1-19 October 1990
ZIMBABWE, Harare	INTERREGIONAL WORKSHOP ON TRANSNATIONAL CORPORATION CURRICULA FOR INSTITUTIONS OF HIGHER LEARNING 2-5 October 1990
BOLIVIA, La Paz	WORKSHOP ON NEGOTIATING JOINT VENTURE AGREEMENTS WITH TRANSNATIONAL CORPORATIONS IN MINING AND ENERGY 8-12 October 1990
ANTIGUA, St. John's	CARIBBEAN REGIONAL WORKSHOP ON DEBT AND EXTERNAL RESOURCES MOBILIZATION AND MANAGEMENT 22-26 October 1990
BRAZIL, Porto Alegre	TRAINING OF LOCAL ENTREPRENEURS 29 October-9 November 1990
INDONESIA, Jakarta	REGIONAL WORKSHOP ON NEGOTIATING WITH TRANSNATIONAL BANKS 31 October-9 November 1990

CHINA, Zhuhai	WORKSHOP ON THE CONTROL OF TRANSFER PRICING PRACTICES BY TRANSNATIONAL CORPORATIONS 5-9 November 1990
NIGERIA, Abuja	WORKSHOP ON INTERNATIONAL ARBITRATION: PRACTICES AND PROCEDURES 19-23 November 1990
NEPAL, Kathmandu	NATIONAL WORKSHOP ON INFORMATION SYSTEMS ON TRANSNATIONAL CORPORATIONS AND NEW INFORMATION TECHNOLOGIES 26-29 November 1990
CHILE, Talca	TRAINING OF LOCAL ENTREPRENEURS 26 November-7 December 1990
URUGUAY, Montevideo	TRAINING OF LOCAL ENTREPRENEURS: SECTORAL TRAINING 26 November-7 December 1990
GHANA, Accra	TRAINING OF LOCAL ENTREPRENEURS 27 November-15 December 1990